

By email to:

hclgcom@parliament.uk

florence.eshalomi.mp@parliament.uk

21 August 2025

Dear Ms Eshalomi

I am writing to you in follow-up to my letter dated 11 July 2025, in which I shared a comprehensive update on how FirstPort has been changing its systems and processes for the benefit of our residents.

In that letter, I outlined FirstPort's commitment to setting the standard for transparency and accountability across the property management sector. As part of this, I shared information on service charges across the developments we manage and how these track against industry benchmarks.

Since our correspondence in July, we have been conducting further analysis of service charges across our portfolio of over 6,300 developments. As mentioned in our previous correspondence, The Property Institute (TPI) service charge index in 2024 represented just 108 developments. We, therefore, wanted to take the time to analyse our whole portfolio data set to provide a fuller picture.

The analysis finds that increases in both overall service charges and management fees across FirstPort's portfolio have been below the industry average communicated by the TPI. It also demonstrates how we have phased increases in management fees to help shield customers from sharp price increases.

Further details can be found attached to this letter. As previously mentioned, we will continue to monitor and report on service levels on an ongoing basis. We will begin publishing quarterly updates on key service-related KPIs, with the first of these due to go live in September. I would be happy to share this with you once it is available.

Additionally, I am pleased to share a copy of our letter sent in response today to David Pinto-Duschinsky MP, and a number of his colleagues, providing further updates on our progress and the changes we are making.

As a team, we are currently working on our response to the consultation on strengthening leaseholder protections over charges and services and look forward to sharing our recommendations, insights and learnings on how we can drive industry-wide improvements for the benefit of all those living in leasehold communities.

Yours sincerely



Martin King
Managing Director

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FirstPort is a trading name of FirstPort Group Limited

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Registered in England No. 4352396

Service charges and management fee analysis

Service charge

As detailed in our previous letter to [the HCLG select committee](#), the most comprehensive and independent benchmarking exercise for service charges is undertaken by The Property Institute (TPI) and was [last published in April 2024](#). However, this only covers a relatively small sample of the industry (108 developments). Although other indices are available, these often focus on a specific part of the market (for example an estate agency's particular sphere of work), so are less helpful as an overall overview.

The TPI's index highlighted that in 2024 the industry average for developments below 18 metres in height was £163,605, and when considering all developments (including those both above and below 18 metres) this increased to an average of £467,138. By comparison, our average service charge across all the developments we manage is £115,319.

Since our response to the HCLG select committee in July, we have been conducting further analysis across our portfolio of circa 6,300 developments.

Across the portfolio, we recorded an average year-on-year (FY23 to FY24) cost increase of 2%, with 44% of developments experiencing a change in costs of 2% or less, and a median increase of 6%.

These increases were primarily driven by stricter health and safety regulations, increases in supplier costs for maintenance services, and rising labour costs in line with strong wage growth.

Management fee

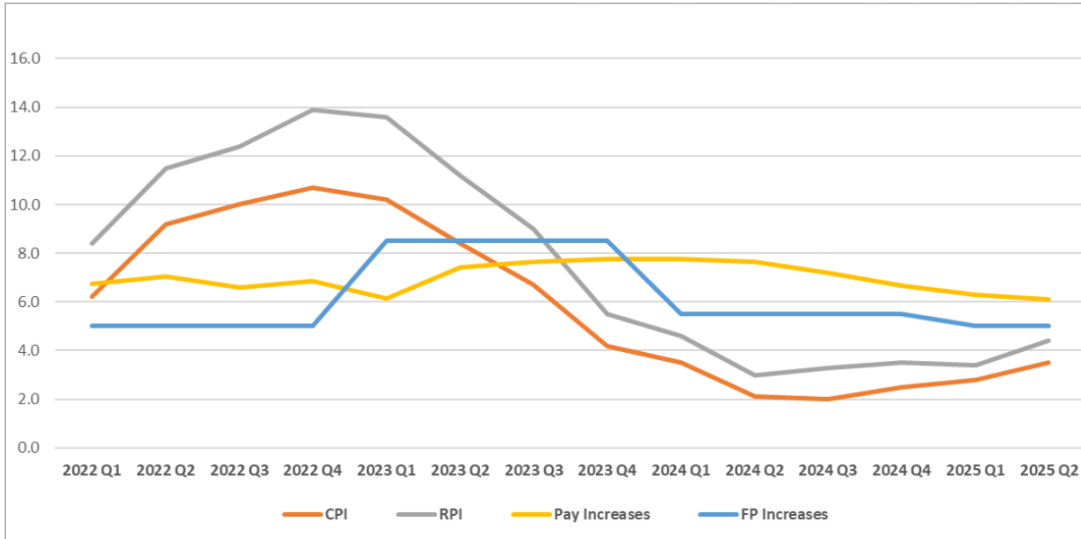
FirstPort does not charge commission or receive any referral fees from contractors providing property management services, such as maintenance, repairs, cleaning etc. Our costs are covered by the management fee. This fee is not directly linked to the overall service charge and does not increase or decrease proportionately to it.

For FY23 to FY24, within the overall service charge, the management fee component increased by an average of 4%. By comparison, TPI's service charge benchmark indicates a 7.2% increase in management fee.

The increase in management fee reflects a combination of factors, including higher staffing costs, higher training costs to meet evolving regulatory requirements, investment in technology and customer service enhancements.

As you will see in the graph below, in the context of several years of rising inflation, with the Consumer Price Index (CPI) reaching a peak of 11.1% in October 2022, we have phased the budgeting of management fee increases to help shield customers from sharp cost rises. Management fee increases were therefore below inflation during higher inflation periods. For example, in 2022 to early 2023, FirstPort's increases (5%) were lower than CPI (10%+) and RPI (13%+).

The phased increases of budgeted management fee represent a lower cumulative cost. Smaller annual increases mean significant long-term savings compared to inflation-linked rises. There have also been no “catch-up” hikes - even after inflation fell, FirstPort didn’t raise fees sharply to recover past gaps.



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